

RIO DELL
COMPENSATION
COMMITTEE

FINAL REPORT

JANUARY 4, 2011

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I. BACKGROUND

On April 6, 2010, the City Council commissioned CPS Human Resources Services to prepare a Salary and Classification Study for the City of Rio Dell which was received on October 5, 2010. The findings and recommendations of the study indicated that City wages and benefits fell far short of median wage levels of local organizations. The disparity in total averaged about 40% below median wage and benefit levels. The study also found that there was a large inequity between positions in the City, with management positions being least compensated compared to other positions. A copy of the study is not made part of this report, but is available for viewing at City Hall.

On September 28, 2010, the Council appointed a six member Compensation Committee charged with the task of formulating recommendations for the Council regarding a sustainable compensation program for the City. The Committee was comprised of Council members Jack Thompson and Melissa Marks, City Manager Ron Henrickson, Union representatives Karen Dunham and Josh Wiener, and contract employee representative Graham Hill. The Committee represented both management and employees.

The Committee met six times during October, November and December, and unanimously supports the findings and recommendations contained in this report.

The Committee recognizes that this report may have significant impacts on staff as well as the future direction and operation of the City. These are difficult choices which are not easy to make. What is clear to the Committee is that the future of Rio Dell rests on taking a new direction which requires restructuring and reorienting City government to address the serious issues facing the community.

Please note that all union contracts and contracts with Department Directors have expired. Negotiations are underway with all parties, however, are pending Council's direction concerning this report.

The City of Rio Dell is not a member of CalPERS. CalPERS is the State retirement program for government employees. Most people working for city government in

California are in a CalPERS program. The importance of this is that an employee in a CalPERS program will likely not be interested in working for the City because CalPERS retirement benefits are computed based on the number of years in the program. Consequently, as Rio Dell recruits for positions the pool of good qualified and experienced applicants is greatly reduced. It should also be noted that employer contributions to the retirement program under CalPERS significantly exceed those contributions made by the City, particularly with regard to public safety. One of the facts pointed out in the CPS study is that the City falls short of providing equivalent retirement benefits compared to other organizations.

The Committee trusts this report will provide the Council a framework for decision making.

II. SUMMARY OF FINDINGS AND RECOMMENDATIONS

After much discussion and analysis the Committee makes the following summary findings and recommendations:

Findings:

- A. The present staffing configuration of the City does not address the major issues facing the community.
- B. Present salaries and pension benefits fall far below the area median as clearly pointed out in the CPS Study and do not enable the City to hire and retain the most qualified employees.
- C. The City is facing a crisis with respect to three areas:
 - 1. Deteriorating streets and associated stormwater problems
 - 2. Deteriorating housing stock
 - 3. The lack of a realistic and achievable economic development plan

D. The City does not have a defined vision and strategic plan to achieve that vision.

Recommendations:

- A. The City adopt a vision statement and strategic plan with initiatives focused on street improvements, housing and economic development.
- B. The City undertake significant increases in salaries and pension benefits as a first step to enable the City to hire and retain qualified employees.
- C. The City restructure staffing in order to address the crisis in housing, streets and economic development.

The Committee explored several alternative avenues as outlined and discussed later in the report. These alternatives included:

- 1. Continue the status quo
- 2. Make any number of small changes
- 3. Shift to a Community Service District (CSD) model

All of these approaches were rejected for a variety of reasons.

- 1. Maintaining the status quo will not address the needs of the community. It is not sustainable and is a poor use of the public's funds.
- 2. While there are a number of small changes that could be made, individually they do not enable the City to address issues in a comprehensive way nor make the critical changes that are needed.
- 3. Shifting to a CSD model saves the most money in the short run, but none of the major issues facing the community will be addressed and this will have a huge impact on the future of the City as streets continue to deteriorate, housing standards fall and there is no effort to address economic development.

Consequently, the Committee recommends restructuring and reorienting City government to address the needs of our community.

- **The vision** is to make Rio Dell a premier residential community.
- **Goal One** is within 5 years eliminate all sub-standard housing in the City.
- **Goal Two** is within 3 years improve the majority of streets in the City and associated storm water problems.
- **Goal Three** is within 2 years develop and begin implementation of a new commercial center for the City, coupled with a revised plan for Wildwood Avenue.

III. The Methodology

The Committee approached the task by recognizing that salary levels are a function of the position skills required, and that the level of skills required depended on what the position was expected to accomplish. Thus, the first item the Committee addressed was to ask the questions: What do we want to achieve and what needs to be done?

The Committees vision of Rio Dell is that of a premier residential community.

The City has a great location, scenic views, wooded hills, better weather than surrounding areas, room to grow, and a home town feeling. It is a great place to live.

The largest impediments to achieving such a vision are our deteriorating streets, aging and sub-standard housing and a lack of a quality commercial downtown.

Next the Committee evaluated, in order, the following areas:

1. The cost to fully implement the CPS recommendations
2. Maintaining the status quo
3. New revenue possibilities
4. Staff reductions
5. Reorganizing City government

Lastly, the Committee looked at three general directions that the City could pursue and concluded with our recommendations for restructuring and reorienting City government.

IV. The Cost of Implementing CPS Recommendations

To fully implement the CPS target of median wage the Committee estimated that it would cost something in the neighborhood of \$600,000 annually. This represents about a 40% increase in the 2010 budgeted cost of all salaries and benefits. This is a huge amount of money for a small community that has fairly fixed revenues. It is simply not financially feasible for the City to implement 100% of CPS salary and benefit targets at present staffing levels at this time.

(Reference Exhibit A. Cost to Implement 100% of CPS Recommendations)

V. A New Vision and Strategic Plan

Over the past decades our City has been severely impacted by a number of dramatic changes. The relocation of Highway 101 in 1976 devastated downtown and forever changed the retail economic climate. The shutdown of Eel River Sawmill in 2005 and the bankruptcy of Pacific Lumber in 2007 eroded the

foundation of the areas lumber industry upon which the economy was based for over a hundred years.

The Committee believes it is critical for the City's future to define a City vision and develop a practical strategic plan to achieve the vision.

The Committee recommends that the vision for Rio Dell should be that of a premier residential community. The City has many attributes which make it a very good place to live. The weather is nicer than surrounding communities, it has beautiful views, vacant land for development, and a small town friendly feel.

There are, however, three major issues facing the community: deteriorating streets, a deteriorating housing stock; and a lack of a viable attractive commercial businesses.

A. Deteriorating Steets

According to the recent street assessment conducted by the County, Rio Dell has the lowest rated streets in the County. More importantly, the study indicated that the City would have to spend over the next ten years \$300,000 per year just to maintain the existing deficient level, \$400,000 per year to make any improvement and \$550,000 per year to begin to repair the streets up to an average level. This means that the City will have to invest 5 1/2 million dollars over the next ten years to make any significant improvement in the condition of City streets. By way of comparison, in 2009 the approved City budget allocated only \$8,000 for the repair and maintenance of City streets.

(Reference Exhibit B. Community Pavement Ratings and Exhibit C. Projected Cost of Street Improvements)

Please note that there are also storm water improvements which need to be completed in conjunction with certain street improvements. The cost of these improvements is not currently known, but it is likely substantially more than a million dollars.

B. Deteriorating Housing Stock

Although 2010 Census statistics have not yet been released regarding housing standards, it is clear to the committee that the existing housing stock is deteriorating rapidly. Many homes are no longer well maintained and are becoming progressively unattractive.

The Redwood Community Action Agency in a 2002 survey of housing conditions found that 63% of the housing stock needed rehabilitation. (Reference Exhibit D. Summary results of City of Rio Dell Housing Condition Survey 2002)

In order to address this major item the Committee recommends creating the position of Housing Director. This position will have the responsibility for establishing and implementing a wide ranging array of programs and initiatives designed to eliminate all sub-standard housing in the community within 5 years.

The committee developed a list of about 30 programs and initiatives that could be implemented over time to increase the quality of housing in the City. The most important items the committee identified were adoption of a housing maintenance code, adoption of a rental inspection program and implementation of a code compliance program, as well as the establishment of a Housing Authority.

(Reference Exhibit E. Housing Program Elements)

C. Economic Development Plan

Lastly, it is also clear to the Committee that the City has no realistic plan for economic development and that the City has no modern commercial retail center which would support a premier residential development.

Attached as Exhibit F is the proposed vision statement and strategic plan.

VI. Maintaining the Status Quo

One option the Committee considered is maintaining the status quo and making no changes in City government. The Committee identified the following Pro's and Con's.

Pro's

1. The approach is affordable in the short term
2. There is no public opposition or present citizen complaints regarding service levels
3. Nothing has to be done and there would be no immediate staff reductions

Con's

1. The present salary structure is unsustainable
2. Staff retention will be a future problem and the City will experience a high cost of recruitment as staff leave
3. The City's image will continue to worsen
4. Public service levels will likely fall
5. The City may not be able to negotiate union and contract staff agreements
6. The City will experience low staff morale
7. It is unlikely that any of the major issues facing the community will be addressed
8. The City will be unable to attract experienced quality employees
9. Below quality staff will result in unforeseen project costs and lost opportunities

After discussion the Committee concluded that it would be pointless to maintain the status quo, as such a course does not address the recommendations contained in the CPS study, nor does it address the real issues facing the community. Maintaining the status quo simply wastes tax payer money and will result in the further deterioration of the housing stock and City streets.

VII. New Revenues

The Committee explored a number of possible new revenue sources, including: A. An Increase in the Sales Tax, B. A New Utility Tax, C. A New Public Safety Assessment and D. A City Wide Street Assessment. (Reference Exhibit G. New Revenue Possibilities).

A. Increasing the Sales Tax

The Committee estimated that a 1 % increase in the sales tax would yield approximately \$75,000 in new revenue annually. Such a measure would require voter approval. Given the small amount of revenue generated, the committee concluded that this is not an avenue worth pursuing.

B. Public Utility Tax

Voter approval would also be required to establish a public utility tax. Up until 1998 Rio Dell imposed a small utility tax, but it was terminated by the City Council and a vote to reinstate the residential tax failed narrowly.

To generate substantial revenues today such a tax would have to be close to 10%. The Committee concluded that voters would not welcome such a tax and that even at a high rate insufficient revenues can be generated to address the needs. Consequently, the Committee does not recommend this avenue.

C. Public Safety Assessment

The Committee investigated the merits of a new public safety assessment and concluded that insufficient revenues can be generated by a reasonable assessment and that voters would be unlikely to support such a measure simply for the purpose of increasing wages for existing personnel. Consequently, this avenue is not recommended.

D. City Wide Street Assessment

A program of improvements needed to improve the streets will require 5 1/2 million dollars of funding over the next 10 years according to the pavement study. For illustrative purposes, if all the parcels in Rio Dell were assessed equally, this would result in an annual assessment of about \$ 305 per parcel per year. This estimate is based on bonding over 25 years. In reality the cost per parcel will vary depending on the assessment methodology.

The Committee concluded that if the City could bond for such a project and show that nearly all the streets in the City could be repaired over a two year period, the community may support such an assessment as virtually all residents would benefit.

What is clear is that if streets aren't addressed soon many will deteriorate beyond the point of repair. Impassable or very bad streets will have the effect of lowering property values and making homes much harder to sell. The Committee felt this is not an outcome desired by the majority of residents. Thus, the Committee supports the concept of a city wide assessment, provided a detailed improvement program which could be completed over two years was prepared and presented to the community. This information would inform voters exactly how they would be benefited and how the money would be spent.

VIII. Possible Staff Reductions

The Committee explored several possible ways to make staff reductions including:

A. Mini-sizing the Public Safety Department, B. Eliminating the Position of Public Works Director, and C. Eliminating the Position of City Manager.

A. Mini-sizing the Public Safety Department

One avenue the Committee explored was reducing the size of the present police force which consists of eight sworn officers and a Records Specialist. The Chief submitted a summary of organizational models ranging from four to six officers.

(Reference Exhibit H. Public Safety Mini-models)

The most important information learned from this exercise is that the Chief believes that the minimum size of the department that could effectively and efficiently function and carry out its responsibility to maintain the public safety is five sworn officers.

B. Eliminating the Public Works Director Position

Eliminating this position saves approximately \$114,000 per year. The Committee concluded that this position could be eliminated provided that the salary of the City Manager was increased sufficiently to attract and retain a skilled and experienced manager who could absorb these responsibilities into their workload. Under a revised organizational chart the Wastewater Superintendent and Water/Streets Superintendent would report to the City Manager. The Committee recommends making this change.

C. Elimination of the Position of City Manager

This option would transfer the responsibilities of the City Manager to one of the other department directors who would then have dual responsibilities. Three combinations are possible; City Manager/Finance Director, City Manager/Public Works Director, and City Manager/Police Chief.

The two major drawbacks to this approach are finding an individual with the appropriate skills, and secondly and more importantly, being able to replace such

an individual without causing a total change in the organizational structure. At present it is difficult enough to find a skilled and experienced City Manager. Requiring a particular set of additional skills would make replacement of the individual nearly impossible. For these reasons the Committee rejected this approach.

(Reference Exhibit I. Elimination of the Positions of Public Works Director and City Manager, for items B & C above.)

IX. Reorganization

The Committee explored three major reorganizational changes: A. Shifting Public Safety to the County, B. Outsourcing the Finance Department, C. Public Works Department Staffing Levels, and C. Restructuring as a Community Service District (CSD).

These all represent major organizational changes which have far reaching and long term implications for the community.

A. Shifting Public Safety to the County

As cities continue to experience increasing costs to provide public safety services some communities are eliminating local public safety departments in favor of contracting for service from the County Sheriff. There are a number of reasons this is attractive: the cost is fixed by contract, there is no need for local supervision, all personnel issues disappear, there is no local insurance liability, no equipment needs to be purchased or maintained, police patrol services are part of a larger County organization that can address unusual situations effectively, and contracting may be significantly less costly.

On the flip side there is no local control, response times may not be as fast and the quality of service may not be as good.

In the City of Rio Dell the Public Safety Department's total budget for 2010-2011 is \$653,939. Of that total \$509,582 is funded by the General fund. This represents about 72% of the total General Fund revenues.

Based on the CPS report at 100% of median wage the total cost of operating the Department would be about \$1,039,553 for the same current staffing levels. This would be an increase of \$385,614.

If the City were to contract with the County Sheriff for services based on the recently approved Blue Lake contract, it would cost the City approximately \$459,430 per year for 140 hours per week of dedicated patrol service. Given that the City would save an additional \$40,000 in reduced insurance expense, the comparative amount of cost is \$419,430 per year.

It should also be noted the City in addition would gain about 1,676 square feet of space and a onetime revenue of between \$40,000 and \$50,000 as a result of sale of existing equipment. (Reference Exhibit J. Estimated Value of Public Safety Equipment)

Consequently, if the City contracted with the County Sheriff for services at current budget and wage levels it could save about \$236,000 per year. If the CPS study recommendations were fully implemented, the savings increases to over \$620,000 per year. Clearly these are very large numbers.

Public Safety Department Operation and Maintenance (O&M) Costs

In order to explore various staffing scenarios it is necessary to determine the O&M costs for various staffing levels. Presently, the total O&M cost for eight officers is \$136,507 of which about \$37,000 is a fixed base cost. This includes such items as dispatch, electricity and about 10% of all other costs. This base cost will vary little regardless of how many officers the department has. The variable cost per officer

is about \$12,438. Thus, the total O&M cost for different staffing levels is as follows:

Number of officers	fixed cost	variable cost	total cost
7	37,000	85,707	\$122,707
6	37,000	74,628	\$111,628
5	37,000	62,190	\$99,190
4	37,000	49,752	\$86,752
3	37,000	37,314	\$74,314

Staffing Scenarios

One way to approach comparing the costs of a City Public Safety Department to contracting with the County is to ask the question, what could the City buy for the equivalent cost of contracting? Note that this cost is \$419,430. The following scenarios provide some insight.

Scenario 1. Three officers at 100% of CPS recommendations

Salaries and benefits	O&M	Total
Chief	156,744	
Sergeant	110,580	
Officer	<u>93,624</u>	
Total	360,948	74,314
		\$435,262

This scenario provides less than 120 hours of coverage and doesn't address costs associated with overtime, training, sick leave, vacation leave, stand-by pay, and recruitment costs.

Scenario 1 would cost the City about \$16,000 more than contracting.

Scenario 2. Four officers at less than 100% of CPS recommendations

Salaries and benefits	O&M	Total
Chief (80%)	125,395	
Sergeant (70%)	77,406	
Officer (70%)	65,537	
Officer (70%)	65,537	
Rec. Spec* (70%)	<u>20,382</u>	
Total	354,257	\$441,009

*This position would be ½ time with no benefits

This scenario provides less than 160 hours of coverage and doesn't address costs associated with overtime, training, sick leave, vacation leave, stand-by pay, and recruitment costs.

Scenario 2 would cost the City about \$21,600 more than contracting, however, would set salary rates and benefits at well below the CPS recommendations and would not facilitate the transition to CalPERS at a future date.

Scenario 3. Four officers at less than 100% of CPS recommendations

Salaries and benefits	O&M	Total
Chief (80%)	125,395	
Sergeant (80%)	88,464	
Officer (80%)	74,899	
Officer (80%)	74,899	
Rec. Spec* (80%)	<u>32,611</u>	
Total	396,268	\$483,020

*This position would be ½ time with no benefits

This scenario provides less than 160 hours of coverage and doesn't address costs associated with overtime, training, sick leave, vacation leave, stand-by pay, and recruitment costs.

Scenario 3 would cost the City about \$63,590 more than contracting, however, would set salary rates and benefits at well below the CPS recommendations and would not facilitate the transition to CalPERS at a future date.

Scenario 4. Five officers at less than 100% of CPS recommendations

Salaries and benefits	O&M	Total
Chief (75%)	117,558	
Sergeant (75%)	82,935	
Officer (75%)	70,128	
Officer (75%)	70,218	
Officer (75%)	70,218	
Rec. Spec* (75%)	<u>30,573</u>	
Total	441,450	99,190
		\$540,640

*This position would be ½ time with no benefits

This scenario provides less than 200 hours of coverage and doesn't address costs associated with overtime, training, sick leave, vacation leave, stand-by pay, and recruitment costs.

Scenario 4 would cost the City over \$121,000 more than contracting, however, would set salary rates and benefits at well below the CPS recommendations, and would not facilitate the transition to CalPERS at a future date.

What is apparent is that at any salary rate above 75% of CPS recommendations it would cost the City a large amount of money to maintain the Public Safety Department as opposed to contracting with the County Sheriff.

Conclusion:

The Committee reviewed seven different scenarios for staffing at various salary percentages and number of officers. The conclusion of the Committee was that

contracting with the County Sheriff could save the City significant money, but local control would be lost and service levels may be less.

B. Outsourcing the Finance Department

The committee investigated outsourcing the Finance Department as one method of reducing City costs. Such a model could potentially save about \$78,000 annually as shown on Exhibit K. Finance Department Outsourcing.

C. Public Works Department Staffing Levels

The Committee investigated whether or not staffing levels in the Public Works Department could be reduced without impacting work output. The conclusion of the Public Works Director and the Committee was that current staffing levels are the minimum necessary to perform the present workload. (Reference Exhibit L. Public Works Department Employee Stats)

D. Restructuring as a Community Service District (CSD)

One of the options to consider is establishing a CSD in lieu of City government. A CSD under this model would consist solely of providing sewer and water to properties currently within the City limits. The question the Committee asked was how would this model effect current rates for sewer and water services.

To evaluate rate impacts the committee first looked at revenues available to a CSD and then expenses.

CSD Revenues

Based on the adopted 2010-2011 City Budget the sewer and water revenue and expenses are :

Revenue	Sewer	Water	Total
	641,292	539,630	\$1,180,922
Expenses			
Salaries and benefits			471,381
Operation and maintenance			<u>433,023</u>
Total			904,404

Transfers to Other Funds*	<u>276,518</u>
Total all expenses	\$1,180,922

*Transfers to other funds are allocations of revenue transferred to functions including administration, finance and City Council.

CSD Expenses Under a Stand Alone Model

To determine how the operation of a CSD would look it is necessary to identify what employees the CSD would require, what staffing costs would be, and what operations and maintenance costs would be incurred.

Exhibit M. CSD Staffing Costs, identifies the staffing necessary to operate a stand alone CSD. The exhibit also projects staffing expenses based on 100%, 90% and 80% of CPS salary and benefit median wage recommendations.

CSD Operating Statement

Following are projected operating statements for a CSD. Revenue is projected to be the same as it is currently, and O&M costs are projected to be the same as currently budgeted.

Revenue	\$1,180,922	\$1,180,922	\$1,180,922
Expenses	100% CPS	90% CPS	80% CPS
Sal.&Bene.	622,962	560,665	489,370
O&M	<u>433,023</u>	<u>433,023</u>	<u>433,023</u>
Total Exp.	1,055,985	993,688	931,393
Balance	\$124,937	\$187,234	\$249,529

What this means is that under every scenario the CSD is projected to expend far less than its revenues. If it is assumed that the objective of the CSD would be to operate on a break even basis, conceptually rates could be reduced by the amount of the balance noted above. Currently there are about 1,216 rate payers. If the balance above was deducted equally from all rate payers it would equal a reduction per month per rate payers of:

At 100% of CPS	At 90% of CPS	At 80% of CPS
\$ 8.56	\$ 12.53	\$ 17.10

These represent very large reductions to present rates. Given that not all bills are equal many rate payers could experience larger or smaller savings.

Presently the wage and benefits of many existing employees associated with a CSD' functions fall around the 80% level. Given that the Committee is recommending pegging rates at roughly the 85% mark, it is clear substantial savings could be generated under the CSD Model.

CSD Model Evaluation

The Committee identified the following Pro's and Con's of a CSD model:

Pro's

- It would save rate payers a lot of money

Con's

- All the rest of City government functions would go to the County
- It is doubtful the County would improve local roads
- It is doubtful that the County would address the deteriorating housing situation
- It is doubtful the County would address economic development needs

- County provision of public safety may be at a service level well below that provided by City government

The Committee concluded that while the CSD model could potentially yield significant reductions in water and sewer rates, it is unlikely the County would address the issues facing the community, and the community would continue to deteriorate over time.

In addition, the City must remain an entity until the wastewater plant has been funded and constructed in order to get the grant funds which are anticipated. This means that it is not practical at this time to change from a city to a CSD.

X. Three Directions

After reviewing all of the previous information the Committee concluded that there are three basic directions the City could go at this time:

1. Muddle Along
2. Form a CSD
3. Restructure and Reorient City Government

1. Muddle Along

One alternative is not to make any significant change in the direction or operation of City government. Essentially, this would mean continuing the status quo.

- The City Council could consider a small increase in salaries, such as a 5% increase which would cost about \$45,000 annually, or even a 7.5% increase which would cost about \$68,000 annually. This approach assumes it would be acceptable to the staff and unions.

The Pro's of this approach are:

- It doesn't cost much
- The status quo seems acceptable to the public

The Con's are:

- The City will over time lose good employees who will gravitate to better paying jobs
- It will be very difficult to replace key staff given that the City does not pay competitively
- This approach will likely diminish productivity
- The major issues facing the community will not be addressed and roads and housing will continue to deteriorate
- The status quo will lead to further crisis and costs in the future

A variation of the Muddle Along approach the Committee also considered was labeled the Cut and Muddle. Under this variation a few small changes would be made, such as eliminating the Public Works Director position, but no new initiatives would be undertaken nor would the direction of the City change.

The Committee concluded that to Muddle Along or even Cut and Muddle the interests of the community would not be served. The major issues facing the community would not be addressed, nor would the recommendations of the CPS study be addressed, and the community would continue to deteriorate over time. Consequently, this approach is not recommended.

2. Form a CSD

The Committee rejected this approach at this time because the committee believed it is necessary to maintain City government until the wastewater project #2 is funded and constructed. Obtaining grant funds for this project is in the best interest of all rate payers and, if lost, would have significant impacts on rates.

The Committee also believes that the City should make every effort to address the major issues facing the community. If City government fails to successfully fix the problems within the next few years, or make significant progress, then a future City Council should revisit the merits of a CSD.

The Committee strongly believes no other entity, such as the County, is going to fix the problems. Either the City tries to remedy the problems or the problems simply continue to erode the quality of life of our community.

3. Restructure and Reorient City Government

Lastly, the Committee reviewed the Pro's and Con's of this approach.

Con's

- This approach requires a reallocation of resources and realignment of staff
- This approach will take time and work and will not be easy
- The Council will have to make some very tough decisions along the way
- The approach could fail or be rejected by the public

Pro's

- The approach addresses to a large extent the CPS study recommendations
- The approach takes the initiative in housing, street improvements and economic development
- If successful, the approach makes the City a much better place to live, and provides financially sustainability well into the future
- The approach can change the entire image of the City

The Committee concluded unanimously that this is the most preferable course to follow. It offers the only real opportunity for Rio Dell to become a quality place to live with a financially sustainable city government. Increasing wages and realigning staff will not require increased revenues.

XI. The Recommendation - Implementation Items

The Committee's recommended approach is not an easy path. It will have impacts on employees, the Council and the community. It is also ambitious and sets forth difficult goals to be achieved and there is no guarantee of success. The Committee believes, however, that it is worth doing and can have positive impacts on the lives of all citizens for years into the future.

Following is a list of the implementation steps suggested:

1. The City Council should receive the report and schedule public hearings to solicit public comment.
2. The City Council should direct the City Manager to hold forums with community leaders and the business community to provide information, answer questions and solicit comment.

Following public comment and discussion the City council should

3. Adopt the vision statement and strategic plan
4. Adopt the three recommended goals
 - o **Goal One** is within 5 years eliminate all sub-standard housing in the City.
 - o **Goal Two** is within 3 years improve the majority of streets in the City and associated storm water problems.
 - o **Goal Three** is within 2 years develop and begin implementation of a new commercial center for the City, coupled with a revised plan for Wildwood Avenue.
5. Authorize the City Manager to make staff reduction and add new positions as enumerated in Exhibit N. Recommended Staffing Changes. These changes include the reduction of seven existing positions and the addition of two new positions.

6. Authorize the City Manager to negotiate wage and benefit increases with union and contract employees as enumerated in Exhibit O. Wage and Benefit Changes. The Committee recommends increasing wages in most cases to 85% of CPS recommended levels. The impact of these changes on the City budget is shown in Exhibit P. Revised City Budget Under Committee Recommendations. As the budget table shows there is only a very small impact to budget.
7. Schedule a review of the progress made toward achieving the goals not later than 2 years from now.

These actions taken together will establish a new direction for the City and new challenges for the staff to make our community a better place to live.

XII. Benefits of Restructuring and Reorientation to Residents and the Community.

The Committee believes the recommendations can have significant positive impacts on residents and the community.

1. Housing – By hiring a Housing Director who over time will implement many of the programs noted in this report and eliminate all sub-standard housing in the community will make the community a better place to live. In turn housing values should increase and homes should be more marketable. This will benefit every home owner and property owner.
2. Street Improvements and Storm Drainage – By investing in the community through a city-wide assessment the majority of our streets can be improved over a two year period. This will also improve housing values and make the City more attractive to live in. This should also address many of the storm water issues neighborhoods are facing.

3. Public Safety – Even though there would be a reduction in the number of officers, the Chief of Police and the Committee believe that public safety can be maintained and residents will not see any increase in crime. Council should monitor closely performance to ensure this outcome.

4. Commercial Development – If the City is successful in developing new commercial businesses, residents will benefit by the jobs created as well as the increased variety of goods and services available. New businesses may mean fewer trips to neighboring communities to shop. The new sales taxes generated will also be revenue for the City.

5. Employee Wage and Benefit Increases - By improving wages and benefits for City employees, the City will be able to attract and retain better qualified employees who will be more productive and provide better service to the citizens.

6. City Image - Lastly, all these changes taken together over time will enhance the image of Rio Dell and make it a more attractive place for new development, thereby increasing property values.

7. Change the Trend – This new direction can stop the deterioration in both the housing stock and streets the community has witnessed over the past decades.

The Committee believes that citizens will be the primary beneficiaries of this proposed restructuring and reorientation of City government.

XIII. Presentation Page

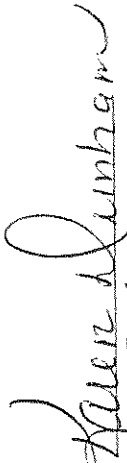
This report is respectfully submitted by the members of the Compensation Committee.


The Committee would like to thank the Finance Director, Stephanie Beauchaine, for her assistance.

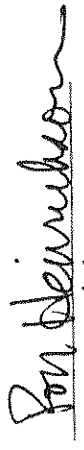
The Committee also wants to again acknowledge that, if implemented, the recommendations will have impacts on many of the current City staff. The Committee encourages the City Council to make every effort to assist those individuals in their transition.

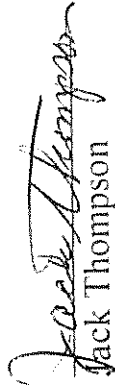
Lastly, the Committee believes the report will have an impact on virtually every citizen of Rio Dell and we urge citizens to read the report and voice their comments to the City Council as they consider the findings and recommendations presented herein.

Committee members

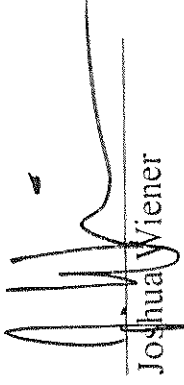

Karen Dunham


Melissa Marks


Ron Henrickson


Jack Thompson


Graham Hirtl


Joshua Wiener

Classification		Salary		Salary & Benefits				
Current Classification Title	Proposed Classification Title	Market Differences*	Current Range Maximum	Salary Recommendation*	Market Differences*	Current Range Maximum	Salary Recommendation*	Market Difference Annual Value
City Manager	City Manager	32.4%	\$7,083	\$9,375	35.7%	\$9,793	\$13,293	\$42,000
City Clerk	City Clerk	60.0%	\$3,386	\$5,417	52.5%	\$5,193	\$7,917	\$32,688
City Manager Department Total								\$74,688
Finance Director	Finance Director	51.1%	\$4,376	\$6,614	50.7%	\$6,425	\$9,684	\$39,108
Accountant II	Accountant II	19.1%	\$3,872	\$4,612	27.6%	\$5,755	\$7,344	\$19,068
Senior Fiscal Assistant	Senior Fiscal Assistant	23.9%	\$2,962	\$3,671	31.0%	\$4,413	\$5,782	\$16,418
Administrative Assistant	Administrative Assistant	16.9%	\$2,583	\$3,020	7.2%	\$4,265	\$4,570	\$3,660
Fiscal Assistant I	Fiscal Assistant I	42.9%	\$2,102	\$3,003	31.0%	\$3,132	\$4,103	\$11,651
Finance Department Total								\$89,905
Chief of Police	Chief of Police	53.4%	\$5,083	\$7,798	80.0%	\$7,257	\$13,062	\$69,660
Police Sergeant	Police Sergeant	39.7%	\$3,847	\$5,373	60.9%	\$5,726	\$9,215	\$41,868
Police Officer	Police Officer	26.0%	\$3,452	\$4,350	48.1%	\$5,269	\$7,802	\$30,396
Police Officer	Police Officer	26.0%	\$3,452	\$4,350	48.1%	\$5,269	\$7,802	\$30,396
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Police Officer	Police Officer	26.0%	\$3,452	\$4,350	48.1%	\$5,269	\$7,802	\$30,396
Records Supervisor	Police Records Specialist II	8.9%	\$3,118	\$3,397	24.6%	\$4,646	\$5,788	\$13,706
Police Department								\$307,610
Public Works Director	Director of Public Works	5.6%	\$8,485	\$8,962	25.9%	\$8,916	\$11,222	\$27,672
Wastewater Superintendent	Wastewater Superintendent	24.4%	\$4,038	\$5,023	25.2%	\$5,947	\$7,443	\$17,952
Water Superintendent	Water Superintendent	18.2%	\$4,248	\$5,023	17.0%	\$6,244	\$7,304	\$12,717
Public Works Leadman	Public Works Crew Supervisor	28.9%	\$2,677	\$3,450	25.0%	\$4,524	\$5,655	\$13,572
Utility Worker I	Utility Worker I	25.2%	\$2,177	\$2,726	25.0%	\$3,679	\$4,599	\$11,037
Utility Worker I	Utility Worker I	25.2%	\$2,177	\$2,726	25.0%	\$3,679	\$4,599	\$11,037
Utility Worker I	Utility Worker I	25.2%	\$2,177	\$2,726	25.0%	\$3,679	\$4,599	\$11,037
Administrative Assistant	Administrative Technician	41.9%	\$2,583	\$3,686	22.4%	\$4,365	\$5,342	\$11,721
Public Works Department								\$116,746
Total								\$588,949

Current Budget Total Salary \$1,467,799
Proposed Increase = 40% of Current Budgeted Salaries & Benefits

Ron Henrickson

From: Merritt Perry [merrittperry@w-and-k.com]
Sent: Tuesday, October 12, 2010 12:51 PM
To: Ron Henrickson
Cc: 'Randy Jensen'
Subject: FW: Results from Pavement Management Database

Below are the overall Pavement Condition Indices (PCI) for each of the HCAOG member entities which represent the overall condition of the roads in each jurisdiction.

Rio Dell had an overall rating of 61 (lowest in the County). It could come up a point or so if we update the database with the new Wildwood Paving Project, but probably not much.

From: Margot Yapp [mailto:Myapp@nce.reno.nv.us]
Sent: Tuesday, October 12, 2010 12:38 PM
To: Merritt Perry
Subject: RE: Results from Pavement Management Database

Sure, here you go.

Ferndale – 63
Blue Lake – 64
County – 66 (arterials and collectors only)
Eureka – 71
Fortuna – 68
Arcata – 74
Trinidad - 79

Margot Yapp, P.E.
Vice President
Nichols Consulting Engineers, Chtd.



Please consider the environment before printing this email.

From: Merritt Perry [mailto:merrittperry@w-and-k.com]
Sent: Monday, October 11, 2010 9:08 AM
To: Myapp@nce.reno.nv.us
Subject: RE: Results from Pavement Management Database

Margot-

Do you have the most updated overall PCIs for each entity? I know we had these before and I was unable to find them.

Thanks,

Merritt

From: Margot Yapp [mailto:Myapp@nce.reno.nv.us]
Sent: Wednesday, October 06, 2010 3:19 PM
To: 'water1@riodellicity.com'
Cc: 'SYang@nce.reno.nv.us'; Merritt Perry; 'cm@riodellicity.com'
Subject: Results from Pavement Management Database

As discussed, attached is a short memorandum summarizing the results that we obtained from the pavement management database. The City's average PCI is 61 (based on the condition surveys we did last fall) – and we ran three scenarios, similar to the ones we did for the other cities/county:

1. Unconstrained budget – this is approx. \$5.5 million over the next 10 years.
2. Maintain Current PCI at 61 – this requires ~\$300,000/year
3. Improve PCI to 66 – this requires a budget of ~\$400,000/year

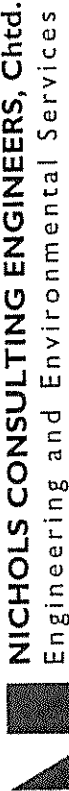
The memo is not overly long since we didn't include any discussion on treatments or unit costs etc. However, it goes to the heart of the matter – which is, how much money does Rio Dell need to spend? And what are those consequences at different funding levels?

Hopefully, this answers some of your questions. If you have more, don't hesitate to give me a holler at 510-215-3620.

Margot Yapp, P.E.
Vice President
Nichols Consulting Engineers, Chld.



Please consider the environment before printing this email.



501 Canal Blvd., Suite 1 • Pt. Richmond, CA 94804 • 510.215.3620 • FAX 510.215.2898

MEMORANDUM

Date: October 6, 2010 Project #: 599.01.20
To: Merritt Perry & Randy Jensen
From: Margot Yapp
Subject: City of Rio Dell Pavement Management Results

Background

In 2009, the Humboldt County Association of Governments (HCAOG) selected Nichols Consulting Engineers, Chtd. (NCE) to implement a regional Pavement Management Program (PMP). This was intended to assist HCAOG member entities and Native American Tribes in determining roadway maintenance, rehabilitation, and reconstruction needs. This will also help to prioritize the pavement needs to maximize the efficient use of limited resources available.

As part of this regional program, a software license for the StreetSaver® pavement management program was purchased by HCAOG for four of the smaller cities i.e. Rio Dell, Trinidad, Blue Lake and Ferndale. The database is administered by HCAOG. The Streetsaver® program was used to maintain this pavement network.

The street network of all four cities were inventoried and surveyed in the Fall of 2009. However, due to gaps in the information from some of the cities, a draft report was unable to be completed.

However, this memorandum summarizes the data available for Rio Dell, and also the results of the funding analysis.

Funding Analysis

The Town of Rio Dell maintains approximately 14.2 centerline miles of streets. Based on the results of condition surveys conducted in the Fall 2009, the **average pavement condition index (PCI) is 61**. This is considered to be in the "FAIR" condition category.

At the Town's request, three budget scenarios were performed to investigate the funding needs and impacts on the pavement condition over the next 10 years. Using StreetSaver's budget scenario module, the impacts of various budget scenarios were evaluated. The program forecasts the effects of the different scenarios on PCI and deferred maintenance (unfunded backlog). By examining the effects on these indicators, the advantages and disadvantages of different funding levels and maintenance strategies become clear. The following scenarios were performed:

Scenario 1. Needs Analysis (Unconstrained Budget)

This scenario assumes that there are no budgetary constraints to repair all street sections that are required. It therefore answers the question “If we have all the money in the world, how much do we need to repair all the streets?”

The results indicate that over \$5.5 million will be required over the next 10 years. As a consequence, the Town's network PCI will increase to 82 by 2020. Additionally, the maintenance backlog will decrease to zero. The results are detailed for each year in the table below.

Year	2011	2012	2013	2014	2015
PCI with treatment	79	80	82	82	81
PCI without treatment	59	57	55	52	50
Rehabilitation (\$ k)	\$2,467	\$717	\$624	\$291	\$342
Preventive Maintenance (\$ k)	\$106	\$58	\$0	\$0	\$0
Budget (\$ k)	\$2,573	\$775	\$624	\$291	\$342

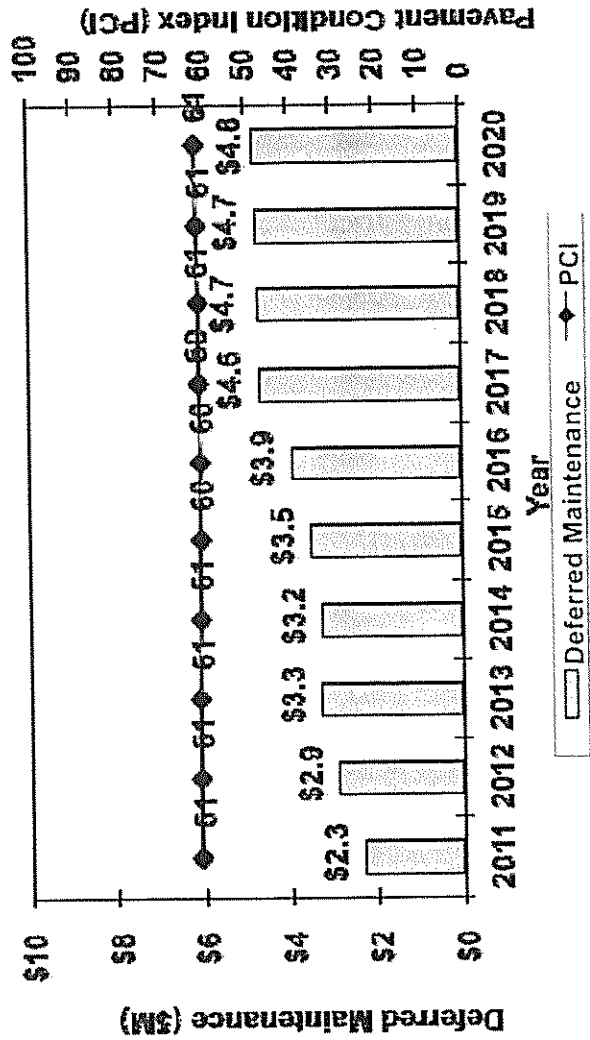
Year	2016	2017	2018	2019	2020
PCI with treatment	87	86	85	84	82
PCI without treatment	48	45	43	41	39
Rehabilitation (\$ k)	\$222	\$152	\$0	\$0	\$0
Preventive Maintenance (\$ k)	\$271	\$99	\$102	\$93	\$23
Budget (\$ k)	\$493	\$251	\$102	\$93	\$23

Scenario 2. Maintain PCI at 61 (approx. \$300,000 per year)

In order to maintain the current PCI at 61, approximately \$300,000 per year will be needed. However, the maintenance backlog will double from \$2.3 million to \$4.7 million by 2020. This is shown in the table and figure below.

Year	2011	2012	2013	2014	2015
Budget (\$ k)	\$300	\$300	\$299	\$299	\$300
Rehabilitation (\$ k)	\$254	\$249	\$244	\$239	\$250
Preventive Maintenance (\$ k)	\$46	\$51	\$55	\$60	\$50
Deferred Maintenance (\$ M)	\$2.3	\$2.9	\$3.3	\$3.2	\$3.5
PCI	61	61	61	61	60

Year	2016	2017	2018	2019	2020
Budget (\$ k)	\$299	\$300	\$300	\$300	\$299
Rehabilitation (\$ k)	\$255	\$252	\$252	\$242	\$249
Preventive Maintenance (\$ k)	\$44	\$48	\$48	\$58	\$50
Deferred Maintenance (\$ M)	\$3.9	\$4.6	\$4.7	\$4.7	\$4.8
PCI	60	60	61	61	61



Scenario 3. Improve PCI by 5 Points (\$400,000 per year)

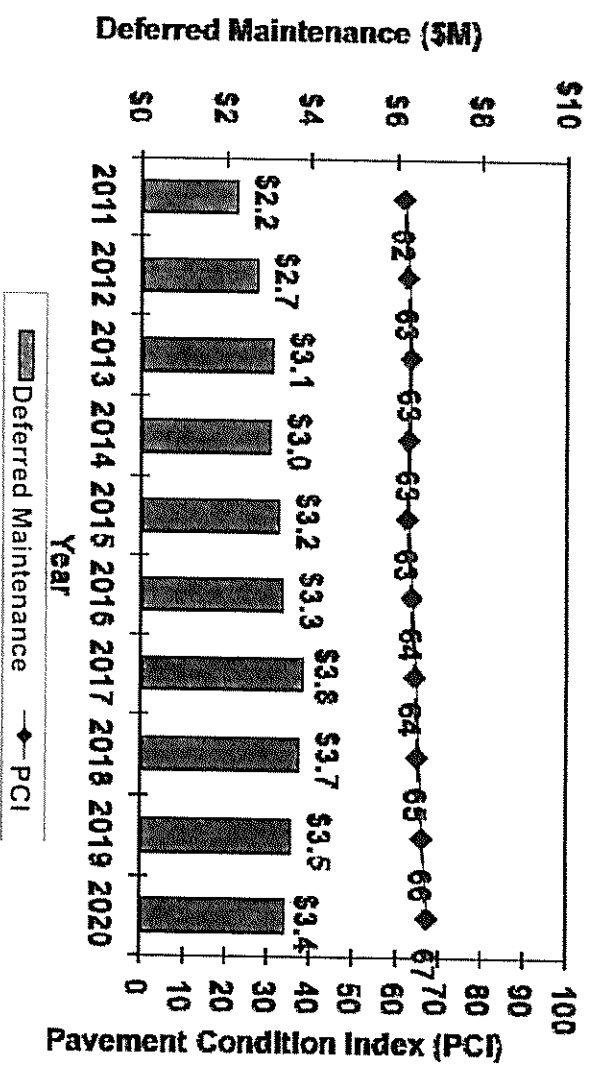
In this scenario, if the budget increased to approximately \$400,000 per year, the overall PCI will increase by five points to reach 66-67 at the end of 2020. Additionally, the maintenance backlog will continue to increase from \$2.2 million to \$3.4 million.

Year	2011	2012	2013	2014	2015
Budget (\$ k)	\$399	\$400	\$394	\$397	\$398
Rehabilitation (\$ k)	\$327	\$327	\$319	\$332	\$312
Preventive Maintenance (\$ k)	\$72	\$73	\$75	\$65	\$86
Deferred Maintenance (\$ M)	\$2.2	\$2.7	\$3.1	\$3.0	\$3.2
PCI	62	63	63	63	63
Year	2016	2017	2018	2019	2020
Budget (\$ k)	\$399	\$400	\$400	\$399	\$397
Rehabilitation (\$ k)	\$306	\$333	\$339	\$307	\$287
Preventive Maintenance (\$ k)	\$93	\$67	\$61	\$92	\$110
Deferred Maintenance (\$ M)	\$3.3	\$3.8	\$3.7	\$3.5	\$3.4
PCI	64	64	65	66	67

“Bringing the state of the art to the standard of practice”



C



"Bringing the state of the art to the standard of practice"

PAVEMENT CONDITION INDEX 101

There are two ways to measure the condition of a road network. The first way is to call it the Squeaky Wheel, sit back and wait for the complaints. The more complaints, the worse the condition of the roads. The second way is to use a more thorough, comprehensive and pro-active approach to review the entire road network.

The Pavement Condition Index is a simple, convenient and inexpensive way to monitor the condition of the surface of roads, identify maintenance and rehabilitation needs, and ensure that road maintenance budgets are spent wisely.

Pavement Condition Index Basics

What It Is: The Pavement Condition Index rates the condition of the surface of a road network.

The PCI provides a numerical rating for the condition of road segments within the road network, where 0 is the worst possible condition and 100 is the best.

What It Measures: The PCI measures two conditions:

- The type, extent and severity of pavement surface distresses (typically cracks and rutting)
- The smoothness and ride comfort of the road

How To Do It: The PCI is a subjective method of evaluation based on inspection and observation.

It is neither a complex nor time-consuming exercise. Knowledgeable and experienced public works officials drive the road network and evaluate its condition in a systematic way. The observations are entered into a database for evaluation and use.

The PCI should be conducted annually so that changes in road condition can be evaluated.

What It Provides: The PCI tells public works officials

- The current condition of the road network
- The rate of deterioration of the road network over time

PCI Uses and Benefits:

A PCI is used to:

- Identify immediate maintenance and rehabilitation needs
- Monitor pavement condition over time
- Develop a network preventive maintenance strategy
- Develop road maintenance budgets
- Evaluate pavement materials and designs

Setting Up a Performance Condition Index

While the PCI is based on subjective observations, the index itself must be both objective and systematic to be of value.

A PCI needs to be based on:

- Manageable road sections
- A roads inventory
- A classification and rating system for road defects

Road Sections: In order to develop a PCI, the road network needs to be divided into manageable segments. Sections with relatively uniform pavement structures, design and traffic volumes will have similar performance characteristics.

In urban settings, sections should be kept to a manageable

"Virtually everyone – residents, visitors, pedestrians, passengers, commercial and private car drivers and anyone with a window-view of a block front – experiences the streets and observes their condition. People know that it is city government's responsibility to maintain them. For many, then, the performance of local government itself is evaluated by the condition of the streets."

How Smooth are New York City's Streets? Fund for the City of New York, September 1998.

length, typically one block long. Some road authorities limit the length to 150 metres for problematic sections. Other authorities will use longer segments for roads that are consistent throughout their length.

Road sections in rural settings can be considerably longer, in some cases as much as 10-kilometres.

Each road section needs a unique identification so that the PCI observations can be maintained in a database.

Road Inventory: Each road section should have a basic history attached to it:

- Class – local residential, collector, or arterial
- Length, width, and geometry
- Type and volume of traffic
- Pavement type – flexible, rigid, or composite
- Original construction date
- Maintenance and rehabilitation history
- Current condition based on the last PCI

Road Defects Classification

Inspectors need to know what type of surface defects to look for and a checklist to track their observations. Typical surface defects include:

Surface Defects
Ravelling & Loss of Surface Aggregate
Flushing

Surface Deformations
Rippling and Shoving
Wheel Track Rutting
Distortion

Cracking
Longitudinal Wheel Track Single and Multiple, Alligator
Centerline Single and Multiple, Alligator
Pavement Edge Single and Multiple, Alligator
Transverse Single and Multiple, Alligator
Longitudinal – Meander or Mid-lan

This PCI is used as a guide to rehabilitation and maintenance decisions for the road network based on a decision matrix (see Making Decisions below).

Using the PCI

Making Decisions:

The PCI decision matrix provides specific guidelines for the improvements required for various road classifications. Using the PCI can help identify trigger points for preventive maintenance that can stop a road deteriorating to the point that it needs expensive rehabilitation.

As a rule of thumb, the higher the PCI, the better condition the road is in. In the previous example, a local road with a PCI of 72.5 will probably not need any rehabilitation work for at least six years.

The PCI decision matrix is a guideline and should be used in conjunction with the personal observations of the road inspectors. Municipalities can adjust the matrix to provide alternative trigger points for rehabilitation or reconstruction. Specific maintenance and rehabilitation actions should always be based on the actual distress of the pavement itself.

Asset Management:

The PCI identifies roads that are exhibiting distress and at the network level can help categorize maintenance and rehabilitation requirements for budgeting and planning.

The PCI, as a condition rating index, can be used effectively with other asset management programs. The condition rating identifies the remaining useful life of an asset and assists with developing rehabilitation and replacement strategies for a particular asset.

PCI Limitations

The Pavement Condition Index is a useful tool but it has its limitations.

- It is subjective. While most people would agree on which roads are rated as excellent and which ones are rated as poor, deciding on whether a road is in fair condition or good condition is more difficult. Being too lenient may mean that important maintenance work is delayed. Being too strict may mean spending money on fixing a problem before it really needs to be done.

continued on page 42

8 – 10	Excellent	Very smooth
6 – 8	Good	Smooth with a few bumps or depressions
4 – 6	Fair	Comfortable with intermittent bumps or depressions
2 – 4	Poor	Uncomfortable with frequent bumps or depressions
0 – 2	Very Poor	Uncomfortable with constant bumps or depression

Consistency:

While every effort should be made to ensure that the PCI is as objective as possible, it is still based on the subjective observations of those doing the inspection.

If a PCI is to be used to track the deterioration of a road network over time, the observations of subsequent PCIs need to be comparable. It is, therefore, important whenever possible to use the same people to do the inspection each year.

Calculating the PCI

There are plenty of software programs available to help calculate and record the PCI for a road section (Municipal DataWorks, for example, has a PCI tool), but the calculations are relatively straightforward and can be done by hand or with the aid of a spreadsheet.

Since each type of surface distress indicates a different type of problem, some more severe and some less, each distress is given a weight to reflect its importance in a rehabilitation strategy (shown as “WF” in the table).

The numerical rating for the severity of the distress and for the density of the distress are combined and then multiplied by its weight. The sum of all the distresses gives the DMI (Distress Manifestation Index) for the road section.

The inspector also rate the Ride Comfort Rating at posted speed, assigning it a numerical rating between 0 and 10, where 10 is equivalent to a brand new road.

The PCI can then be calculated using either a software program or by hand based on well-established formulas. Take for example a local road in relatively good condition (see chart above for the evaluation sheet) with a road comfort

PCI Decision Matrix

TIME OF IMPROVEMENT	FREEWAY	ARTERIAL	COLLECTOR	LOCAL
Adequate	>85	>85	>80	>80
6 to 10 years	76 to 85	76 to 85	71 to 80	66 to 80
1 to 5 years	66 to 75	56 to 75	51 to 70	46 to 65
NOW Rehabilitate	60 to 65	50 to 55	45 to 50	40 to 45
NOW Reconstruct	<60	<50	<45	<40

EXHIBIT D

SUMMARY RESULTS OF CITY OF RIO DELL
HOUSING CONDITION SURVEY 2002

(Undertaken using CDBG Guidelines and Inspection Forms)

TOTAL NUMBER OF STRUCTURES SURVEYED 1068

PERCENT OF TOTAL HOUSING UNITS SURVEYED 74%
FROM 2000 CENSUS (1,068/1,447)
(Survey count was STRUCTURES, not units; actual number of
units surveyed is substantially higher than 74%)

TOTAL SOUND: 394 = 37%

TOTAL MINOR: In need of minor repair 224 = 21%

TOTAL MODERATE: 309 =29%

TOTAL SUBSTANTIAL: 116 = 11%

TOTAL DILAPIDATED (need replacement): 25 = 2%

TOTAL STRUCTURES IN NEED OF REHAB: 674

% IN NEED OF REHAB: 63%

IMPROVEMENTS: How many parcels do not have:

Curbs	676
Gutters	745
Paved street	122
Sidewalks	710
Driveway	324

COMPREHENSIVE LONG TERM HOUSING PLAN ELEMENTS

- Adoption of a Housing Maintenance Code
- Identification of funding to underwrite implementation of a HMC
- Implementation of a Code Compliance Program
- Adoption of a Rental Inspection Program
- Adoption of mandatory garbage pickup ordinance
- Adoption of a CIP for streets – paving
- Place on ballot a City-wide Assessment to implement streets CIP
- Adoption of a CIP for stormwater improvements
- Implement a program to fund implementation of the stormwater CIP
 - Explore neighborhood LID's to fund street/stormwater CIP's
 - Complete Wildwood Ave. south landscape/street redesign
 - Implement Wildwood Ave. south redesign
 - Reevaluate zoning districts and mapping & adopt changes
 - Establish a Housing Authority
 - Increase use of abatement program
 - Implement a program of regular clean-up campaigns
 - Work with county on a program to defer inc. ass. for home improvements
 - Establish target area to serve as demonstration project
 - Identify funding to support demonstration project
 - Work with Builders Ass. to identify builders to do work at less cost
 - Plant flower beds in Gateway area and group trees
 - Work with local realtors to list homes and lots on city web page
 - Establish city awards program for home improvements

- Meet with rental property owners to gain support of improvements
- Hold public meetings to explain & gain support of public for program
- Develop design guidelines for new town center
- Organize public volunteer clean-up committees
- Establish tax increment districts
- Encourage planting of trees in front yards
- Investigate incorporation of underground utilities

VISION
The vision for Rio Dell is a premier residential community

STRATEGIC PLAN

The strategic plan for Rio Dell encompasses undertaking a combination of activities that taken together will create a foundation for creating a premier residential community. Those activities include:

- A. Infrastructure improvements
 - 1. Sewer
 - a. Complete construction of a new sewer plant
 - b. Increase sewer rates to provide for the maintenance and operation of the new plant
 - 2. Water
 - a. Provide for the maintenance and operation of the facilities
 - b. Increase water rates to accomplish a. above
 - 3. Streets
 - a. Assess properties \$550,000 per year for 10 years to make needed improvements
 - b. Develop a detailed CIP identifying needed improvements
 - c. After approval of assessment bond for improvements and implement improvements over two years
 - d. Develop a design for Wildwood Avenue
 - e. When funding is available, implement design for Wildwood
 - 4. Stormwater
 - a. Develop a detailed CIP to address stormwater needs
 - b. Implement CIP
- B. Economic Development
 - 1. New Town Center
 - a. Determine the feasibility of a new town center
 - b. Develop a plan for acquisition and development of the town center
 - c. Implement the plan
- C. Zoning
 - 1. Review Town Center zoning district to include housing after implementation of new town center
 - 2. Review zoning districts to see that they promote good housing
- D. Housing
 - 1. Revise budget to provide for Housing Specialist
 - 2. Implement housing initiative list

Classification & Compensation Committee

October 18, 2010

General Fund-

1. Sales Tax 1%

a. 51% Voter Approval

\$75,000
2. Utility Users Tax (PG&E, Garbage, Cable, Cell Phone, Telephone)

a. 5% (average)

\$100,000

b. 7.5%

\$150,000

c. 10%

\$200,000

d. 51% Voter Approval
3. Utility Users Tax (PG&E, Garbage, Cable, Cell Phone, Telephone plus Water & Sewer)

a. 5% (average)

\$131,000

b. 7.5%

\$197,000

c. 10%

\$262,000

d. 51% Voter Approval
4. Public Safety Assessment

a. 1255 parcels \$239 annual per parcel

\$300,000

b. 1255 parcels \$159 annual per parcel

\$200,000

c. 1255 parcels \$79 annual per parcel

\$100,000

d. Can pass unless majority property owners protest

Streets-

1. Streets Assessment

a. Status Quo 1255 parcels \$239 annual per parcel

\$300,000

b. Some Improvement 1255 parcels annual \$318

\$400,000

c. Median 1255 parcels annual \$438

\$550,000

d. Will pass unless majority property owners protest
1. - \$6 per household per month

There are several different factors to look at when considering reducing the size of the police department, salaries, and operating budget. When we reduce staff we will concurrently reduce the operating budget for certain items, however we may see an increase in other areas, such as overtime compensation. The following tables deal only with salaries:

(Each of the following models include the Police Chief working a regular patrol shift)

1. This model includes a Police Chief, A Police Sergeant, and four full time sworn Police Officers and a Records Specialist. Model #1 and #2 allow for 24 hour police patrol coverage with officers working five 40 hour shifts per work week with a total weekly coverage of 168 hours. Model #1 includes the benefits of having a records Specialist:

Chief of Police	\$7,257
Police Sergeant	\$5,726
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Records Specialist II	\$4,646

Total \$464,460

2. This model is the same as above but without the Records Specialist:

Chief of Police	\$7,257
Police Sergeant	\$5,726
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269

Total \$408,708

3. Models 3, 4, 5, and 6 use several variations of a five officer department. Two models include a records Specialist, and two models include eliminating the Sergeant position. These models are based on a ten hour work day, four days per week, with twenty-four hour coverage five days per week with a total weekly coverage of 160 hours:

Chief of Police	\$7,257
Police Sergeant	\$5,726
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Records Specialist II	\$4,646

Total \$401,232

4. Same model as above but with the Sergeant position eliminated:

Chief of Police	\$7,257
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Records Specialist II	\$4,646

Total \$395,748

5. Same model without the records Specialist:

Chief of Police	\$7,257
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269

Total \$339,996

6. Same as Model 5 with Sergeant position eliminated:

Chief of Police	\$7,257
Police Sergeant	\$5,726
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269

Total \$345,480

7. Models 7, 8, 9, and 10 use a four officer model with officers working 10 hour shifts four days per week, with 2 days of twenty-four hour coverage and a total of 148 hours of coverage per week. To get two days of twenty-four hour coverage two officers will be subject to working different shift within the same work week.

Chief of Police	\$7,257
Police Sergeant	\$5,726
Police Officer	\$5,269
Police Officer	\$5,269
Police Records Specialist II	\$4,646

Total \$338,004

8. This model is the same as model 7 , but with the Sergeant position eliminated:

Chief of Police	\$7,257
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269
Police Records Specialist II	\$4,646

Total \$332,520

9. This model retains the Sergeant however the Records Specialist has been eliminated:

Chief of Police	\$7,257
Police Sergeant	\$5,726
Police Officer	\$5,269
Police Officer	\$5,269

Total \$282,252

10. This model is the same at model 9 with the Sergeant position eliminated:

Chief of Police	\$7,257
Police Officer	\$5,269
Police Officer	\$5,269
Police Officer	\$5,269

Total \$276,768

Eliminate Public Works Director/ City Engineer

Salary and benefits\$ 113,980

Pro's

- Saves money
- Essential services can be provided by consultant
- Management role can be assumed by City Manager

Con's

- Organization loses specific expertise
- Places greater responsibility on Sewer and Water Superintendents, and Utility Lead

Eliminate City Manager

Salary and benefits\$ 118,150

(Position combined with a Department Director position)

Pro's

- Saves money

Con's

- Hard to find a specific individual with the right skills and even harder to replace
- Places large workload on the position

Public Works Dept. Employee Stats			
Primary	Water Treatment	Randy	Rick
Backup	Rick	Randy	James
Operator I	Cameron	Cameron (OIT)	Jesse
Cameron			

Currently there are 7 employees total, including Admin.
Water and Wastewater Depts. currently have Primary operator and Operator I/OIT.

Streets Dept. have 3 Primary Employees for all maintenance in the field, including meter reading.

Public Works

- A) Randy - Water, Sewer and Streets (Most of time is primarily overseeing all depts.)
B) Carla - Public Works Administration, and Recycling
C) Rick - Primarily Sewer, including Collection System and Pump Stations, Water Operator backup.

Street Dept. employees job task within the dept.

- D) Justin - Lead Utility, Ground man for Water Distribution, Meter Reading, Sewer Collections, General Field work.
E) James - Lead Backup, assistant to Ground man on projects, Primarily Grounds maintenance
F) Jesse - Equipment Operator, Primarily Backhoe Operations and or ground man.
G) Cameron - Time Divided between three depts. 15hrs/week Sewer, 10hrs/week Water, 15hrs week/Streets.

Each employee is extremely valuable. Even with the tasks listed above, each employee performs multiple jobs not described.
Having Less employees results in #1 Safety Issues, #2 work not being completed with in a timely manner, especially specialized projects.
Examples., water and sewer repair/replacements and #3 Employee Burn out.

Any less employees results in not completing or functioning efficiently within the Dept.
Currently the are no positions that could/should be eliminated within the Public Works Dept. Public Works is working at minimum staff.

In closing, with less employees, the work load would become greater, which at some point Public Works would be unable to keep up.

In the end, city cost increase due to hiring out to Professional Contractors for small projects that normally Public Works staff usually prefor

Expenses			
	100%	90%	80%
Staff	Salary & Benefits CPS	Salary & Benefits CPS	Salary & Benefits CPS
Manager (FD)	116,208	104,587	92,966
WW Superintendant	89,316	80,384	71,453
W Superintendant	87,648	78,883	70,118
Public Workers Lead	67,862	61,076	54,290
Utility Worker	55,187	49,668	44,150
Accountant II	88,128	79,315	70,502
St. Fiscal Assistant	69,378	62,440	55,502
Fiscal Assistant I	49,235	44,312	39,388
Total	\$ 622,962	\$ 560,666	\$ 498,370

N

N. Recommended Staffing Changes

To implement the recommended restructuring of City government within the existing revenue framework, the Committee proposes that seven existing positions be eliminated. The positions include:

- 1 Public Works Director
- 1 Senior Fiscal Assistant
- 4 Police Officers
- 1 Police Records Supervisor

Two new positions are proposed to be created:

- 1 Accountant II
- 1 Housing Director

The restructured Public Safety Department would consist of the following positions:

- 1 Chief
- 1 Sergeant
- 3 Police Officers (One of which is principally grant supported)

The Water and Streets Superintendent and Wastewater Superintendent would report to the City Manager.

The Finance Department would be restructured such that the Fiscal Assistant I and the Administrative Assistant would report to the Accountant II, who would report to the Finance Director.

O. Recommended Wage and Benefit Changes

Specific recommended wage and benefit changes for each position are enumerated on the following spreadsheet labeled O - 1.

Target Wage – 85% of CPS Recommendations

The target wage for most positions is 85% of the recommended CPS median wage. It is not feasible at this time to reach 100% of CPS recommended wage and benefit levels. However, 85% is a significant increase for some positions, particularly supervisory positions.

Wage Rates

Note that presently wage rates for non-management positions are much closer to CPS target wage than management. For example, a Utility Worker I position is paid at 88% of CPS , while the Chief of Police is being paid at only 65%. This disparity, in part, accounts for the large increases in certain positions.

Also note that a few positions have been pegged above the 85% target, specifically the Accountant II (90%), Housing Director (90%) and City Manager (95%). The purpose of increasing these positions is to be able to attract and retain skilled qualified individuals in these key positions within the organization.

It should be stated that the City attempted to hire an Accountant II at existing wage rates in October of this year, but did not receive even one qualified application. The rationale for the City Manager position is that the City Manager is the most critical position in the organization and the City must be competitive to attract and retain an individual who brings the skills and experience needed to absorb the duties of the Public Works Director Position, supervise the new Housing Director and take the lead in economic development efforts.

Pension Benefits

As shown in the spreadsheet it is proposed to increase pension benefits, particularly in the Public Safety area. During the Council deliberations related to joining CalPERS, it was clearly apparent that the current City contribution to pension benefits fell far short of the typical city contribution under the CalPERS

program. This is quite clear in the Public Safety area where city contributions can range from 26 to 32 percent for many cities.

The recommendation of the committee is to increase officers from 8% to 20%, the Sergeant from 8% to 22% and the Chief from 10% to 25%. These increases will align the City closer to CalPERS and enable the City to compete better in the market. The Committee also recommends that the City Council reevaluate in two years the feasibility of joining the CalPERS program.

Position & Name	Current Salary	Recommended Salary	GPS	Current %	Budget Target	Max Salary	Steps	Year 1	Year 2	Year 3	Year 4	Year 5	Salary 1/01/2010	Notes	Increase Value	Current Pension	Recommended Pension	Pension Increase	Value of Pension Increase	Total Recommended Compensation Increase	Total Recommended Compensation Increase %
City Manager	\$ 85,000	\$ 112,500		75%	95%	\$ 106,875	3	100,463	103,669	106,875		\$ 100,463	\$ 100,463	\$ 15,463	10%	14%	4%	\$ 5,565	\$ 21,028	25%	
City Clerk	\$ 40,632	\$ 65,004		63%	85%	\$ 55,253	5	48,623	50,281	51,938	53,596	55,253	\$ 55,253	\$ 14,621	8%	10%	2%	\$ 2,275	\$ 16,896	42%	
Finance Director	\$ 52,500	\$ 79,368		66%	85%	\$ 67,463	3	63,415	65,439	67,463		\$ 67,463	\$ 67,463	\$ 14,963	10%	12%	2%	\$ 2,846	\$ 17,809	34%	
Accountant II	\$ -	\$ 55,344		0%	90%	\$ 49,810	3	46,821	48,315	49,810		\$ 46,821	\$ 46,821	\$ 46,821	6%	10%	2%	\$ 4,682	\$ -	N/A	
Fiscal Assistant I	\$ 20,738	\$ 36,036		58%	85%	\$ 30,631	5	26,955	27,874	28,793	29,712	30,631	\$ 26,855	\$ 6,117	8%	10%	2%	\$ 1,026	\$ 7,143	34%	
Administrative Assistant	\$ 30,996	\$ 36,240		86%	85%	\$ 30,804	5	27,108	28,032	28,956	29,880	30,804	\$ 30,996	Y-Rated	\$ -	8%	10%	2%	\$ 620	\$ 620	2%
Administrative Technician	\$ 30,992	\$ 43,992		70%	85%	\$ 37,393	5	32,906	34,028	35,150	36,271	37,393	\$ 37,393	\$ 6,401	8%	10%	2%	\$ 1,260	\$ 7,661	25%	
Chief of Police	\$ 60,986	\$ 93,576		65%	85%	\$ 79,540	3	74,767	77,153	79,540		\$ 79,540	\$ 79,540	\$ 18,554	10%	25%	15%	\$ 13,786	\$ 32,340	53%	
Sergeant	\$ 53,082	\$ 64,476		82%	85%	\$ 54,805	5	48,228	49,872	51,516	53,160	54,805	\$ 54,805	\$ 1,723	8%	22%	14%	\$ 7,811	\$ 9,534	18%	
Officer	\$ 41,413	\$ 52,200		79%	85%	\$ 44,370	5	39,046	40,377	41,708	43,039	44,370	\$ 44,370	\$ 2,957	8%	20%	12%	\$ 5,561	\$ 8,518	21%	
Officer	\$ 31,595	\$ 52,200		61%	85%	\$ 44,370	5	39,046	40,377	41,708	43,039	44,370	\$ 41,708	\$ 10,113	8%	20%	12%	\$ 5,814	\$ 15,927	50%	
Officer (Grant Funded)	\$ 33,800	\$ 52,200		65%	85%	\$ 44,370	5	39,046	40,377	41,708	43,039	44,370	\$ 43,039	\$ 9,239	8%	20%	12%	\$ 5,904	\$ 15,143	45%	
Water Superintendent	\$ 50,974	\$ 60,276		85%	85%	\$ 51,235	3	48,161	49,698	51,235		\$ 51,235	\$ 51,235	\$ 261	8%	12%	4%	\$ 2,070	\$ 2,331	5%	
(With Streets)	\$ 53,523	\$ 63,390		85%	85%	\$ 53,796	3	50,569	52,182	53,796		\$ 53,796	\$ 53,796	N/A	8%	12%	4%	\$ 2,174	N/A	N/A	
Wastewater Superintendent	\$ 48,456	\$ 60,276		80%	85%	\$ 51,235	5	45,066	46,623	48,161	49,698	51,235	\$ 51,235	\$ 2,779	8%	12%	4%	\$ 2,272	\$ 5,051	10%	
Public Works Leadman	\$ 32,124	\$ 41,400		78%	85%	\$ 35,190	5	30,967	32,023	33,079	34,134	35,190	Y-Rated	\$ 4,796	8%	10%	2%	\$ 1,122	\$ 5,918	18%	
Utility Worker I	\$ 28,725	\$ 32,712		88%	85%	\$ 27,805	5	24,469	25,303	26,137	26,971	27,805	\$ 26,137	\$ (2,588)	8%	10%	2%	\$ 316	\$ -	0%	
Utility Worker I	\$ 24,815	\$ 32,712		75%	85%	\$ 27,805	5	24,469	25,303	26,137	26,971	27,805	\$ 26,137	\$ 1,322	8%	10%	2%	\$ 629	\$ 1,951	8%	
Utility Worker I	\$ 24,815	\$ 32,712		76%	85%	\$ 27,805	5	24,469	25,303	26,137	26,971	27,805	\$ 25,503	\$ 688	8%	8%	N/A	N/A	N/A	N/A	
Housing Director	\$ -	\$ 71,000		0%	90%	\$ 63,900	3	60,066	61,983	63,900		\$ 60,066		N/A	N/A	12%	N/A	N/A	N/A	N/A	

<u>Fund</u>	<u>Total Projected</u>	<u>City Manager</u>	<u>Finance</u>	<u>Recycling</u>	<u>General</u>	<u>Police</u>	<u>Public Works</u>	<u>Planning</u>	<u>Building</u>	<u>City Council</u>	<u>Total Expenditures</u>	<u>Net Expense</u>	<u>Transfers</u>	<u>Adjusted</u>
	<u>Revenue</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>	<u>Department</u>				<u>Net Expense</u>
General Fund 00	711,695.00	49,945.37	80,568.44		15,150.00	396,630.68	2,500.00	64,033.79	55,084.87	1,053.00	664,991.15	46,704	(15,875)	30,829
Gas Tax 20	60,000.00	4,343.08	7,005.95		1,320.00		47,125.24			92.00	58,554.27	116		116
TDA 24	84,000.00	4,343.08	7,005.95		1,320.00		66,114.93			92.00	78,575.96	5,124		5,124
ISTEA 26	19,000.00						17,145.01				17,145.01	1,855		1,855
Solid Waste 27	12,805.00			10,784.71							10,784.71	2,020		2,020
SLISF 40	80,000.00					95,874.82					95,874.82	115,875	15,875	0
COPS 41	45,675.00					45,675.00					45,675.00	-		-
Vehicle Abatement						7,000.00					7,000.00	(7,000)		(7,000)
Sewer Operations 50	641,292.00	79,261.13	127,558.61		24,090.00		490,758.32			1,679.00	633,647.07	7,645		7,645
Water Operations 60	539,630.00	79,261.13	127,558.61		24,090.00		279,866.81			1,679.00	512,755.56	26,874		26,874
Recycling 74	9,000.00			7,494.46							7,494.46	1,506		1,506
Total	2,206,097.00	217,154	350,298	18,279	66,000	548,170	813,508	64,034	55,085	4,600	2,137,128	68,969		68,969

